

Knowing President Klaus to be a former economics professor, I raised the issue of China's unfair subsidization of its steel industry—something I have fought against and argued before the International Trade Commission on a number of occasions—which leads to an unlevel playing field for U.S. and Czech companies alike. President Klaus shared my frustration with such practices, but he disagreed when I suggested the implementation of countervailing duties. It was his sense that democratic reform in China would be the greatest driver for improvements in trade practices, although he could not suggest a timeline for such reform.

I inquired with President Klaus his views of Iran and what could be done there. While he did not have a direct answer, he shared a very interesting story about an encounter he had with Russian Prime Minister Putin and Russian President Medvedev. He explained that during a conference the three had attended, both Putin and Medvedev expressed great concern over the situation in Iran, because of Iran's efforts to develop a nuclear weapon.

We also discussed efforts to create a lasting Mideast peace, strategies for dealing with North Korea, and climate change. With regard to the last issue, knowing me to be concerned with current changes to the global climate, President Klaus provided me with a copy of his book "Blue Planet in Green Shackles," in which he expresses his skepticism with regard to man's impact on the warming of our planet.

ISRAEL

We spent most of July 6 traveling to Israel from the Czech Republic. This was my 27th visit to Israel in my capacity as a Senator. The following day, I had a series of meetings with Palestinian Liberation Organization negotiator Dr. Saeb Erekat, Palestinian Authority Prime Minister Salam Fayyad, Israeli Opposition Leader Tzipi Livni, Israeli President Simon Peres, and finally had a dinner meeting with Israeli Deputy Foreign Minister Danny Ayalon.

My first meeting of the day was with Dr. Saeb Erekat in Ramallah, someone I have gotten to know very well over the past 15 years. We opened the meeting with a discussion about the prospects for peace. Dr. Erekat immediately said that peace was obtainable—very much in reach—and the next move lay in the hands of Israeli Prime Minister Benjamin Netanyahu. I mentioned that I would be meeting with Israeli President Peres later that day and Syrian President Assad the following day. Erekat told me to speak to Israel about using Turkey to resume the indirect talks between Israel and Syria. According to him, it was both his and President Abbas's position that it was in the Palestinians' interest for Syria and Israel to resume talks and that the current tension between Israel and Turkey benefitted no party.

That afternoon I remained in Ramallah to meet with Palestinian Authority Prime Minister Salam Fayyad. He said he is focusing on growing the economy in order to undercut peoples' reliance on Hamas for basic needs. Prime Minister Fayyad was optimistic that the Palestinian Authority can regain control of the government from Hamas in the upcoming elections.

I raised the issue of Israel's talks through Turkey with Syria. Prime Minister Fayyad was skeptical of the utility of this track, and indicated his belief that the best course forward is to formulate a joint public document outlining the key issues which need to be resolved to make peace. He also discussed his belief that concerted U.S. involvement could greatly improve the chances of success.

I asked the Prime Minister if there were other ways the U.S. could be helpful and he

explained that much of the progress on moving the economy and infrastructure has come from USAID, including more than \$2.9 billion since 1994 for programs in the areas of water, sanitation, infrastructure, education, health care, economic growth and democracy.

After meeting with Prime Minister Fayyad, we returned to Jerusalem where I met with Israeli Opposition Party Leader Tzipi Livni. We opened the discussions talking about Israel's indirect talks with Syria through Turkey. She indicated her belief that an agreement was "feasible".

I proceeded to ask her about Prime Minister Fayyad's assertion that there will be no peace between Israel and the Palestinians until the Palestinians are united. In her view talks between Israeli and Palestinians could proceed, and when an agreement is reached it could be presented to Hamas—where they would be given a choice work together or be seen as an obstructionist minority.

That evening I joined Deputy Minister of Foreign Affairs Daniel Ayalon for dinner. We became friends when he served as Israel's ambassador to the United States. I opened the discussion by expressing Dr. Erekat's position that if Prime Minister Netanyahu were serious about peace, a deal could be made. Ayalon responded by stating that peace was on the table in November of 2008 and was rejected by the Palestinians.

During my meeting with Dr. Erekat, he mentioned a situation where Minister of Foreign Affairs Avigdor Lieberman would not shake his hand, so I raised the issue with Deputy Foreign Minister Ayalon. He denied the account and referred to Lieberman's oft-quoted remark that he would give his own house for peace with the Palestinians.

Before concluding dinner, Ayalon asked me to return with two messages to the U.S. The first was to pass a request shorten the life sentence for Jonathan Pollard, a former civilian intelligence analyst who was convicted of spying for Israel. The second was to express appreciation for the funds stemming from the United States-Israel Energy Cooperation Act of 2007, which authorizes grants to encourage collaboration between the U.S. and Israel in the research, development, and commercialization of renewable energy and energy efficiency technologies. The \$4 million appropriated to date by Congress for this program has been matched 100 percent by the Israeli Government. Funding has gone to support eight collaborative projects between Israelis and American universities and private companies, including a company based in Bala Cynwyd, Pennsylvania. With this funding Israel hopes to reduce its oil dependence by 50 percent.

SYRIA

The next morning we flew to Syria—my 19th trip to the country—via Jordan to meet with President Bashar al-Assad. I have gotten to know President Bashar al-Assad well over the past decade, just as I knew his father, Hafez al-Assad. I opened my meeting with President Assad by expressing regret that the U.S. Senate had not acted to confirm Robert Ford to be the Ambassador to Syria, in addition to ambassadors to other important countries and international bodies. President Assad replied that he was very pleased by President Obama's signal that he wanted an American ambassador in Damascus.

I continued the conversation by recounting a discussion I had recently with Syria's Ambassador to the United States, Imad Moustapha, in which we discussed the opportunity to restart talks between Israel and Syria. President Assad expressed great openness to resuming the talks with Turkey as the broker.

I pressed Assad on Syria's alleged sale of Scud missiles to Hezbollah and his support for Hamas and Hezbollah. He asked for proof on the missile issue and denied the charge. He said that once there was a Syria-Israeli peace agreement there would no longer be a reason for any concern about missiles. Hezbollah or Hamas.

In discussing Iran, President Assad suggested the U.S. work to improve its relationship with Iran by further pursuing diplomatic engagement.

As I have done in previous conversations with President Assad, I expressed my desire that he allow forensic teams into his country on the missing Israeli soldiers issue. I also raised again my request that the remains of Eli Cohen be returned to Israel—or, at a bare minimum, allow a kaddish to be said over his remains by his widow and a rabbi. He said those matters would have to await a Syria-Israeli peace treaty.

Finally, at the urging of the Charge, I asked that recent changes to Syrian visa regulations—which seem to target Americans—be reversed in light of the fact that the U.S. has reduced visa wait periods for Syrians and lifted the Travel Warning for Syria. President Assad said he would look into this situation.

CROATIA

On Friday, July 9, 2010 I flew to Dubrovnik, Croatia where I met with U.S. Ambassador Jim Foley. During our meeting Ambassador Foley underscored Croatia's strong support of the U.S. and cited its commitment of 300 soldiers to the mission in Afghanistan. The Ambassador expressed his support for Croatia's desire to enter the European Union so as to strengthen the economy and provide incentives for governmental reform. I inquired about the status of the Serbian fugitives responsible for the Srebrenica Massacre and the Ambassador assured me everything was being done to bring those men to justice. While we were in Croatia, there was a summit of regional leaders being held in the city.

The next morning I met with Croatian Foreign Minister Gordan Jandroković before the Croatian summit. I expressed my appreciation for Croatia's efforts in Afghanistan and my support for Croatia's desire to enter the E.U. He indicated in response that Croatia plans to expand its troop commitment in Afghanistan by five percent to 320. We also discussed efforts to improve relations between Kosovo and Serbia so as to improve regional security.

We returned to the United States on Sunday, July 11, following an overnight layover in France.

Mr. SPECTER. In the absence of any other Senator on the floor seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I ask the time be yielded back so we can proceed.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

SMALL BUSINESS LENDING FUND ACT OF 2010

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 5297, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 5297) to create the Small Business Lending Fund Program to direct the Secretary of the Treasury to make capital investments in eligible institutions in order to increase the availability of credit for small businesses, to amend the Internal Revenue Code of 1986 to provide tax incentives for small business job creation, and for other purposes.

Pending:

Reid (for Baucus/Landrieu) amendment No. 4519, in the nature of a substitute.

Reid amendment No. 4520 (to amendment No. 4519), to change the enactment date.

Reid amendment No. 4521 (to amendment No. 4520), of a perfecting nature.

Reid amendment No. 4522 (to the language proposed to be stricken by amendment No. 4519), to change the enactment date.

Reid amendment No. 4523 (to amendment No. 4522), of a perfecting nature.

Reid motion to commit the bill to the Committee on Finance with instructions, Reid amendment No. 4524 (the instructions on the motion to commit), to provide for a study.

Reid amendment No. 4525 (to the instructions (amendment No. 4524) of the motion to commit), of a perfecting nature.

Reid amendment No. 4526 (to amendment No. 4525), of a perfecting nature.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I ask unanimous consent Senator LANDRIEU be recognized to speak for up to 1 hour at 12:30 p.m. today and that the Republican leader or his designee then be recognized following Senator LANDRIEU.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, the Senate once again has before it the small business jobs bill. We have created this bill to help move the economy toward recovery. We have crafted this bill to create jobs. We have crafted this bill to strengthen capital investment.

Over the course of the great recession, small business capital investment has fallen dramatically. Since 2005, the percentage of small businesses that made a capital outlay in the previous 6 months fell by nearly 30 percent. Capital investments are an integral part of getting the economy back on track. We need to make sure that businesses, and especially small businesses, have the opportunity to make these investments so they can improve and expand.

Our small business jobs bill includes two accelerated cost recovery provisions. These incentives would lower the cost of capital and they would help businesses to make capital investments. One accelerated cost recovery provision in this bill would increase the amount of capital investment that a business could expense under section 179 of the Tax Code. Section 179 is one of the most widely used tax benefits available to small businesses.

We all hear of this constantly from our small business constituents in our

home States. This year business owners may purchase and write off up to \$250,000 in equipment for use in their trade or business. This tax benefit phases out for expenditures between \$250,000 and \$800,000, but in 2011, under current law, the \$250,000 threshold will decrease sharply to \$25,000, and the \$800,000 ceiling on the benefit will decrease to \$200,000. The bill before us today would increase the thresholds to \$500,000 and \$2 million in 2010 and 2011.

Expensing is an important tool for small businesses because it is the most accelerated type of depreciation. With expensing, a business can deduct the complete cost of an asset such as equipment or software in the same year the business buys the asset. With expensing, businesses do not have to wait for years to recover these costs as they do through traditional forms of depreciation.

In this weak and uncertain economy, the ability to deduct the cost of assets in the same year provides an immediate benefit for businesses. These immediate benefits strengthen the investment practices of a business, and that strengthens the economy as a whole. An increase in the thresholds for section 179 expensing effectively decreases the cost of newly purchased equipment, and that makes it more economical for a business to invest. These investments can help a business grow with relatively simple acquisitions.

For example, a business could boost productivity by updating office technology. This provision will also increase cashflow for businesses, and businesses that invest in new equipment put money back into the larger economy with their purchases. Take, for example, Brown's Automotive in Billings, MT. Brown's Automotive specializes in transmission repairs. Those repairs require significant equipment investments, such as lifts and scanners. Business has been down lately as few people are able to afford expensive transmission repairs these days. When business is slow, purchases of heavy equipment can put a major strain on cashflow. But section 179 expensing and the 50 percent bonus depreciation extension in this bill make a huge difference for Brown's Automotive. Brown's can now write off a portion of the cost of new equipment, and that helps them maintain their cashflow and encourages them to make further capital investments.

Because of provisions like 179 expensing, Brown's has retained all 43 of its employees despite the recession.

This bill also allows taxpayers to expense up to \$250,000 of certain real property within the newly expanded thresholds in 2010 and 2011. Currently, taxpayers can expense only tangible personal property. Tangible personal property includes things such as machines or equipment. Expanding section 179 expensing to include some real property greatly increases the value of this provision to small businesses. This provision means a business could ex-

pense the improvements to the property itself.

For example, a small business owner with a retail clothing store may expense improvements that were made inside the store, such as built-in cabinets to better stock clothing or lights to brighten the fitting rooms. Allowing a retail owner to expense these improvements immediately lowers the owner's costs, and ultimately this will help the retail store owner to run a better business. This expansion also applies to qualified restaurant property and qualified leasehold improvement property.

A second accelerated cost recovery provision in this bill is bonus depreciation. Bonus depreciation also helps Brown's Automotive and many other small businesses. This bill would extend bonus depreciation through the end of this year. This important provision would quickly spark investment, increase cashflow, and help to create jobs.

Bonus depreciation especially helps businesses that need to make large capital expenditures but that may not be able to take advantage of accelerated depreciation under section 179. Currently, businesses are allowed to recover the cost of capital expenditures over time. As a result of the great recession, Congress temporarily allowed businesses to recover the cost of certain capital expenditures more quickly by increasing the writeoff to 50 percent of the cost of property placed in service in 2008 and 2009.

This bill would extend the additional depreciation to property placed in service in 2010. This additional depreciation makes property more affordable. The business can use the savings it receives to reinvest in the business and to hire new employees. This provision benefits immediate investments that can strengthen the economy now. We do not have to wait to see the benefits of this important provision.

Bonus depreciation also helps the business that sells the equipment. It helps manufacturers and suppliers retain and hire employees as their businesses rebound. The more purchases that are made, the more other businesses are helped. This double benefit makes bonus depreciation a cost-effective way to strengthen business investment.

Section 179 expensing and bonus depreciation encourage investment and creates jobs. There is no doubt about it, and very significantly, I might add, with this bill, we can help put the American economy back on track.

This bill would provide continued support to our small businesses on the path to economic recovery. The bill increases access to much needed capital, encourages entrepreneurship, and promotes equity. The small business jobs bill includes incentives to strengthen capital investment.

I urge my colleagues to support the small business jobs bill. I might add that today we are working to reach an